

CHAPTER 12

REPORTING AUDIT RESULTS

A. PURPOSE

This chapter covers the reporting of the results of audits performed by DoD internal audit organizations. Specifically, the chapter describes the form, distribution, timeliness, contents, and presentation of DoD audit reports and suggests formats to be used.

B. BACKGROUND

Audits are made primarily to assist management in arriving at solutions to problems and in devising better ways to do business. Many benefits to the audited activity occur during an audit through meaningful discussions of the audit results with the activity's management. These discussions often lead to on-the-spot corrections. The basic purpose of the audit report is to document the audit results and outline a corrective action program to be followed. Audit reports are used for a variety of purposes. For example, they are used by: the activity to which the recommendation is addressed to develop a corrective action program; management as part of the followup process; congressional committees to evaluate budget requests and other legislative acts; top Defense officials to identify problems and trends that may have Component-wide or Defense-wide repercussions; internal and external audit and inspection officials to adjust the scope of their reviews; and instructors as training aids or case studies.

C. APPLICABILITY

The provisions of sections D through I of this chapter are mandatory for all DoD internal audit, internal review, and military exchange audit activities (hereafter referred to collectively as "DoD internal audit organizations"). In addition, DoD internal audit organizations are strongly urged to use the suggested formats in section J of this chapter, although their use is not mandatory. Certain procedures described in this chapter may not apply to every audit, but the principles and objectives remain mandatory. The term "should" is used to denote the desirability of an action.

D. STANDARDS AND POLICIES

All internal audit organizations shall issue audit reports fully complying with standards for reporting as set forth in the "Government Auditing Standards" (reference (c)). These reporting standards deal with form, distribution, timeliness, report contents, and report presentation.

E. FORM

Auditors shall report the results of their audit work in writing. Written reports are necessary to: communicate the results of audits to officials at all levels of government, make the findings and recommendations less susceptible to misunderstanding, make the findings available for public inspection, and facilitate followup to determine whether appropriate corrective measures have

been taken. The requirement to use a written report is not intended to limit or prevent discussions of findings, judgments, conclusions, and recommendations with persons who have responsibilities for the area being audited. On the contrary, such discussions are required by Chapter 8 of this Manual, "Performing Audits. " However, a written report shall be prepared upon completion of each audit regardless of whether such discussions are held. If one or more of the major objectives of an audit is completed, a numbered audit report (standard report format or letter report format) shall be issued. It is not appropriate to close out efforts of this nature with unnumbered letters, memoranda, or other informal correspondence. See Section J of this chapter for guidance in determining the particular report format to be used. Pertinent security regulations covering presentation and safeguarding of classified material shall be followed. When an audit is terminated prior to completion, the auditor should communicate the termination in writing to the auditee and other appropriate officials.

F. DISTRIBUTION

Written audit reports shall be submitted to appropriate officials both of the organization audited and the organization requiring or arranging for the audits unless legal restrictions or ethical considerations prevent it. Copies of the reports shall also be sent to officials responsible for monitoring internal controls, other officials responsible for taking action on audit findings, and to others authorized to receive such reports. Unless restricted by law or regulation, copies of audit reports shall be made available for public inspection. As a general rule, audit reports should be submitted to all interested officials. Pertinent security regulations covering the release of classified material shall be followed. Procedures for review and distribution of reports for an independent public accountants are included in DoD Directive 7600.9 (reference (q)).

G. TIMELINESS

Audit reports shall be issued promptly to make the information available for timely use by management and legislative officials and to permit prompt initiation of follow-up action.

1. Each internal audit organization shall establish a time standard or a series of time standards for each major milestone in the audit report process, which shall be used for evaluating and improving the time it takes to issue a report. Generally, draft reports issued more than 60 days after completion of the field work and final audit reports issued more than 120 days after the draft report is issued shall be considered untimely.

2. In those instances where the audit activity is unable to obtain management comments in a timely manner, the final report may be issued without them. Action should then be taken to obtain and resolve final management comments during the audit report resolution process.

3. Auditors should consider interim reporting of significant matters to appropriate officials during the audit. This is not a substitute for a final written report, but it does alert officials to matters needing immediate attention and permits them to take corrective action before the final report is issued.

H. CONTENTS

The audit report shall include pertinent information on the following:

1. Audit Entity. The audit entity is the organization, program, system, or other area that was audited. The audit entity must be accurately and precisely included in the audit report title and elsewhere in the report as a prerequisite to understanding the other parts of the audit report. Most audits conducted by DoD internal audit organizations, whether performed at a single location or on a coordinated multilocation basis, are limited to specific areas of operations that are identified as being particularly significant. Special care must be taken to see that the audit report does not imply greater audit coverage than was actually provided.

2. Scope. The scope paragraph shall tell the reader what the auditors did and did not do. The scope shall clearly indicate which elements of audit examination--the accomplishment of established objectives and goals for operations and programs; the reliability and integrity of information; the compliance with policies, plans, procedures, laws, and regulations; safeguarding of assets; and economical and efficient use of resources--were covered during the audit and the extent of such coverage. Any limitations in scope, such as restricting the audit to specific activities or locations, shall be clearly spelled out .

3. Methodology. The statement on methodology should clearly explain the evidence gathering and analytical techniques used to accomplish the audit objectives. The explanation should identify any assumptions made in conducting the audit; describe any comparative techniques applied and measures and criteria used to assess performance; and if sampling is involved, describe the sampling methods used .

4. Objectives. Unlike most audits in the private sector, internal audits within the Department of Defense are seldom limited to certifying to the reliability of financial statements. As required by Chapter 3 of this Manual, "Audit Concepts, " most DoD internal audits are mission-oriented audits involving evaluations of various aspects of the effectiveness and economy of organizations, programs, systems, and other audit areas. The mission-oriented audit concept does not preclude an audit activity from auditing support activities but, instead, requires placing audit emphasis on the mission areas of the entity selected for audit, whether it is a program, system, or a supporting activity. Since each DoD internal audit is usually unique, audit objectives must be carefully formulated at the start of the audit and must be clearly stated and covered in the audit report. Normally, there is an overall objective and series of specific objectives, all of which are related to the overall objective. While objectives related to the effectiveness of the major missions are most important, those dealing with internal controls, compliance, and action on prior recommendations are also important and must be clearly stated. Chapter 8 of this manual, "Performing Audits, " establishes procedures for developing audit objectives.

a. Internal Controls. Normally, each audit shall include an evaluation of internal controls for the area audited. This evaluation is generally not stated as a specific objective of the audit, although the report shall state that the audit "... included such tests of the internal controls as considered

necessary. " However, when a major objective of the audit is to evaluate internal controls, this shall be listed as one of the specific objectives of the audit. There are a number of reasons why a study and evaluation of internal control may not be made. For example: the entity may be too small to have an adequate internal control system; the audit can be performed more efficiently by expanding substantive audit tests, thus placing very little reliance on the internal control system; or the internal control system may be so weak that the auditor has no choice but to perform substantive- testing. In addition, each scheduled audit shall include an evaluation of management's effectiveness in implementing the Internal Control Program as it relates to the scope of the audit.

b. Compliance. Most audits require some determination of compliance with appropriate laws and regulations. Compliance is not usually stated as an objective for the audit although noncompliance with laws, regulations, procedure, etc. , must be identified in the report. However, when a major objective of the audit is to determine compliance, compliance shall be listed as one of the specific objectives of the audit.

c. Action on Prior Recommendations. Followup on corrective action taken by management is an important part of every audit. When a major objective of the audit concerns followup on prior recommendations, this shall be shown as a specific objective of the audit.

5. Background. The audit report shall contain sufficient background information to provide the reader with an adequate understanding of the audit entity. Information about the size, volume, and nature of operations of the audit entity, for example, provide a perspective against which the significance of audit findings and conclusions can be judged. Readers should not be expected to possess all the facts that the auditor has since many audit reports, particularly those issued by the DoD internal audit activities, are used by personnel in organizations and activities far removed from the activity audited. Even when the distribution of reports is limited to levels of management directly responsible for the operation being reported on, a brief description of the mission, available resources (amount and type funds) , and size of operations or volume of transactions during the audit period provides a ready reference to such information for those managers involved and informs all readers of the significance of the audit subject.

6. Period Audit Performed. The audit report shall show the period during which the audit was performed.

7. Period Covered by the Audit. The audit report shall show the period covered by the audit.

8. Conformance With Auditing standards. The audit report shall state, "The audit was made in accordance with Government Auditing Standards. " When applicable standards are not followed, the auditors should modify the statement to disclose the required standard that was not followed, the reasons therefor, and the known effect on results of the audit. In conducting government audits, independent public accountants are required to follow generally accepted auditing standards as well as the standards set forth in Chapters 3, 4, and 5 of the "Government Auditing Standards" (reference (c)) .

9. Statement on Internal Controls

a. For each performance audit, the audit report shall identify the significant internal controls that were assessed, the scope of the auditor's assessment work, and any significant weaknesses found during the audit. For performance audits, the reporting on internal controls will vary depending on the significance of any weaknesses found and the relationship of those weaknesses to the audit objectives. In audits where the sole objective is to audit the internal controls, weaknesses found of significance to warrant reporting shall be considered deficiencies and shall be so identified in the audit report. The internal controls that were assessed shall be identified for full presentation of the findings. In audits having as their objective an assessment of performance, auditors, in seeking the cause of deficient performance found, may identify weaknesses in internal controls of such significance to be a key reason for the deficient performance. In reporting findings, the deficiencies in internal controls would be identified as the 'cause. "

b. For each financial audit, the auditors shall prepare a written report on their understanding of the entity's internal control structure and the assessment of control risk. The report may be included in either the auditor's report on the financial audit or a separate report. The auditor's report shall include as minimum

(1) The scope of the auditor's work in obtaining an understanding of the internal control structure in assessing the control risk.

(2) The entity's significant internal controls or control structure, including the controls established to ensure compliance with laws and regulations that have a material impact on the financial statements and result of the financial related audit.

(3) The reportable conditions, including the identification of material weaknesses, identified as a result of the auditor's work in understanding and assessing the control risk.

c. In addition to the above reporting requirements, each audit report shall also summarize the audit results on how well management had implemented the internal control program as it is related to the scope of the scheduled audit. More details on the auditor's responsibilities for evaluation of internal controls are contained in Chapter 10 of this Manual, "Audit Requirements Generated by Sources External to D@. "

10. Compliance with Laws and Regulations. The report shall include all significant instances of noncompliance and abuse and all indications or instances of illegal acts that could result in criminal prosecution that were found during or in connection with the audit. Illegal acts may be covered in a separate report if including them in the overall report would compromise investigations or legal proceedings or otherwise preclude the report from being released to the public. For all financial audits, this statement should contain a statement of positive assurance on those items which were tested for compliance and negative assurance on those items not tested.

11. Audit Conclusions. The report shall contain a specific conclusion on each of the stated audit objectives. This is perhaps the most important portion of the report. Auditors should be able to reach conclusions on the stated audit objectives if they followed suitable evaluation criteria and conducted the audit in accordance with appropriate auditing standards. Management expects and is entitled to this type of summary evaluation. Failure to provide such a summary evaluation deprives management of a significant service. Also, report balance and objectivity can be seriously impaired by not collectively putting the impact of individual deficiency findings (e.g., - potential savings, funds that could be put to better use, improvements in efficiency, etc.) in proper perspective.

12. Financial Statements. For financial audits, the audit report shall contain a copy of the financial statements reviewed and an opinion on whether the financial statements were prepared in accordance with generally accepted accounting principles. The report shall identify those circumstances in which such principles have not been consistently observed in the current period in relation to the preceding period. Unless otherwise stated in the auditor's report, informative disclosures are to be regarded as reasonably adequate. The audit report shall contain the auditor's opinion regarding the financial statements taken as a whole, or an assertion to the effect that an opinion can not be expressed. The American Institute of Certified Public Accountants (AICPA) Statements on Auditing Standards for reporting, to the extent they are relevant, shall be followed on financial audits. These standards are set forth in the AICPA's "Codification of Statements on Auditing Standards" (reference (pp)) .

13. Photographs, Charts, and Similar Presentations. Effective use should be made of captions, photographs, charts, graphs, attachments, appendices, and exhibits to highlight areas and to organize the narrative. Lengthy explanations and supporting data should generally be covered in attachments rather than in the main body of the findings.

14. Audit Findings. Each audit finding shall normally show criteria, condition, cause, and effect. However, the elements needed for a complete finding depend on the objectives of the audit. In all instances, sufficient, competent, and relevant information about findings shall be included to promote adequate understanding of the matters reported and to provide convincing and fair presentation in proper perspective.

a. Criteria. This element sets forth the standards, measures, or expectations used in making the evaluation or verification. It shows "what should be. " In the absence of definitive, externally defined, authoritative criteria, as is often the situation, auditors have to rely on their own professional knowledge and experience in selecting suitable evaluation criteria. In such cases, however, the auditors must assume the responsibility of convincing officials of the audited activity and other recipients of the report that the evaluation criteria are valid and reasonable.

b. Condition. This element presents the factual evidence that the auditor found in the course of the examination. Normally, a clear and accurate statement of the condition evolves from the auditor's comparison of the results of fact finding procedures with appropriate evaluation criteria.

c. Cause. This element shows the reason for the difference between the expected and the actual conditions. It *answers the* question, "Why did it happen?" If the condition has persisted for a long period of time or is getting worse, this aspect would normally be described. Identification of the cause of an unsatisfactory condition is a prerequisite to making meaningful recommendations for corrective actions. Failure to identify the cause in a deficiency finding may mean that the cause was not ascertained due to limitations or defects in audit work or that it was omitted to avoid direct confrontation with responsible officials. To identify the root cause of an adverse condition, audit findings should not merely state that prescribed procedures were not followed, but should indicate the reason(s) why they were not.

d. Effect. This element shows the risk or exposure management faces because the area being audited is not working the way it is supposed to. It indicates the impact of the disparity, and shows the extent of the risk inherent in continuing a deficient procedure, practice, or control. The significance of a condition is usually judged by its effect. Proper statement of effect is valuable in convincing management to correct adverse conditions disclosed by the auditors. In program audits, shortfalls in attaining program objectives or reductions in available resources are appropriate measures of effect and frequently can be expressed in quantitative terms such as dollars, number of personnel, units of production, quantities of material, number of transactions, and elapsed time. If an actual effect cannot be ascertained, a potential or intangible effect can sometimes be useful in showing the significance of a condition. Chapter 8 of this manual, "Performing Audits," establishes requirements for identifying, computing, reporting, and accumulating information on potential benefits from audit. It is most important to point out to management and readers of the report the estimated savings that could be realized if the auditors' recommendations are followed.

15. Recommendations. The audit report shall contain specific and realistic recommendations for actions to correct problem areas noted during the audit. Each recommendation shall identify the suggested remedial action and answer the question, "What is the solution?" The relationship between the audit recommendation and the underlying cause of the condition should be clear and logical. Each aspect of the deficiency should carry a corresponding recommendation. If full corrective action will take 1 or 2 years to complete, the auditor should consider also making recommendations to improve conditions in the interim period. A recommendation merely to comply with regulations or laws shall not be made. Instead, if appropriate, the auditor shall recommend specific actions needed to cause compliance. Further, when appropriate, the auditor shall recommend changes to regulations and laws.

16. Views of Management Officials. Chapter 8 of this Manual, "Performing Audits," requires that draft reports be staffed with management officials responsible for taking corrective actions. Management's views on findings, recommendations, and potential monetary benefits shall be obtained in writing; and appropriate changes shall be made to the report. Further, pertinent views of responsible management officials concerning the auditors' findings, conclusions, and recommendations shall be incorporated into the audit report. Management comments may be included verbatim, although obvious errors in spelling, grammar, and sentence structure shall be corrected, and material no longer appropriate because the report has been revised shall be deleted. Extremely lengthy comments

may be summarized. If doubts exist about the auditor's presentation of management's position, discussions should be held with the respondent prior to issuance of the final report. The final report is the product of the audit activity and not a forum for the audited activity to cast doubt upon the credibility of the auditors or to confuse issues. The audit activity shall always retain the right to include only pertinent, responsive, and rational comments.

17. Auditor's Position. If the auditor disagrees with management's views on the audit recommendations or considers the views to be nonresponsive, the auditor shall state the reason for refuting them in such a way as to convince an independent third party of the correctness of the auditor's position. Conversely, if the auditor finds management's views to be valid, the auditor shall make appropriate changes to the audit report.

18. Noteworthy Accomplishments. To provide appropriate balance, the report shall contain a description of noteworthy accomplishments, particularly when management improvement in one area may be applicable elsewhere. The inclusion of such accomplishments may also lead to improved performance by other Government organizations reading the report.

19. Action on Prior Recommendations. Each audit report shall include a summary section that evaluates corrective actions taken by management in response to recommendations in prior audit reports as they relate to objectives of the current audit. If any of the findings in the current report cite conditions substantially the same as those previously reported, this fact shall be disclosed. This disclosure shall be made whether or not the cause of the current conditions and the recommendations to correct the current conditions are the same as those in the prior report. If the prior report was issued more than 5 years before the current audit began, a finding shall not be classified as a repeat, even if it represents substantially the same condition that was previously reported. Each audit report shall also indicate, whether in the summary section or in a separate section or appendix, which reports and recommendations were reviewed and the result of followup work on each recommendation. If a followup review was previously made and the issues were closed satisfactorily, additional followup should be unnecessary.

20. Issues Needing Further Study. If the scope of the audit or other factors limit the auditor's ability to inquire into certain matters which should be studied, the auditor shall include in the report a statement about such matters and the reasons why further study is required.

21. Omission of Privileged or Confidential Information. The report shall contain a statement indicating whether or not any pertinent information has been omitted because it is deemed to be privileged or confidential. Information of this type may be prohibited from general disclosure by regulation. If pertinent information is omitted, the nature of such information shall be described and the law or other basis under which it was withheld shall be stated. If a separate report was (will be) issued on any omitted information, it should be so indicated in the report.

I. REPORT PRESENTATION

Report presentation shall comply with the following factors:

1. Accurate and CanPlete Support. The audit report shall present factual data accurately and f airly, report results impartially, and include only information, f indings, and conclusions that are adequately supported by sufficient evidence in the auditor's working papers. One inaccuracy in a report can divert attention from the substance of a report. The use of statistical methods in projecting audit results is encouraged. In most cases, a single example of a deficiency is not sufficient to support a broad conclusion or a related recommendation. However, once the condition is adequately supported, additional detailed supporting data need not be included in the report. Only findings that are substantive in relation to the size and nature of the activities or programs audited should be included in the report.

2. Convincingness. The audit report shall present findings and conclusions in a convincing manner, distinguishing clearly between facts and opinions. The information in reports shall be sufficient to persuade the readers of the importance of the findings, the reasonableness of the conclusions, and the desirability of accepting the recommendations.

3. Objectivity. The audit report shall be objective, unbiased, and free of distortion. It shall be fair and not misleading and shall place primary emphasis on matters needing attention. The auditor shall guard against the tendency to exaggerate or overemphasize deficient performance. The information needed to provide proper report balance and perspective should include: the reason the audit was made; the size and nature of the activities or programs audited; and correct and fair descriptions of findings, including appropriate information on sampling methods, if used.

4. Clarity and Simplicity. The report shall be written in language as clear and simple as the subject matter permits. The auditor shall not assume that readers have detailed knowledge of the subject. The use of acronyms and abbreviations shall be kept to a minimum. If unfamiliar abbreviations, acronyms, or technical terms are used, they shall be clearly defined.

5. Conciseness. The audit report shall be concise but contain enough information to be understood by users and third parties. Tm much detail detracts from a report, may conceal the real message, and may confuse or discourage readers.

6. Completeness. Audit reports shall be complete and shall contain sufficient information about background, findings, conclusions, and recommendations to promote adequate understanding of the matters reported and to provide convincing, but fair, presentations in proper perspective.

7. Constructiveness of Tone. Audit reports shall place primary emphasis on improvements. Cri tics.1 comments should be presented in a proper perspective balanced against any unusual difficulties or circumstances faced by management. Audit reports should not contain language that unnecessarily generates def ensive-ness and opposi tion. Management shall be given appropriate credit in the audit report when it initiates timely actions to correct deficiencies.

J. REPORT FORMAT

This section suggests report formats for the various type of reports issued by DoD internal audit organizations. These formats incorporate the most desirable features of the reports used by each of the DoD internal audit organizations. Although use of the formats is optional, all the provisions of sections E through I of this chapter, which specify report content, are mandatory and shall be complied with. Suggested report formats for the various types of reports are:

1. Standard Report. The standard report format (enclosure 1) should normally be used on audits of appropriated and unappropriated funds, including overall reports on multilocation audits. Some modification will be needed to accommodate unusual conditions, such as when only a single finding was developed or when the report results from audit work performed under the Commanders Audit Program.

2. Advisory Report. This format is used to present significant problems of wide interest which were documented during a multilocation audit or a series of single location audits. Advisory reports (see enclosure 2 for format) are given wide distribution, particularly to activities that have not had recent audit coverage, who are then encouraged to identify and correct similar problems that may exist within their operations. Views of management officials are not required. Since advisory reports are written for people who are familiar with the areas discussed in the report, lengthy and detailed discussions are generally not necessary.

3. Quick Reaction Report

a. The quick reaction report (see enclosure 3 for format) is a letter used for interim reporting of situations demanding immediate action to prevent, correct, or reduce a situation that cannot be handled by normal reporting methods. Situations which might warrant quick reaction reporting are:

Pending procurements that are not in the best interest of the Department of Defense.

Waste of large sums of money or other Government resources.

Endangered lives.

Illegal actions.

Proposed or ongoing actions that could cause significant embarrassment to the Department of Defense.

b. Normally, a problem covered in a quick reaction report will be reported in a standard report that will also include an evaluation of the area in which the problem was found. Recommendations other than those in the quick reaction report normally will be needed to correct procedural weaknesses that led to the problem. In such cases, the problem reported in the quick reaction report should be used as an example in a finding that discusses the need to correct the procedural weaknesses. If appropriate action is taken on a quick reaction

report, it may not be appropriate to repeat the recommendations made in the quick reaction report. Reference, however, should be made to the quick reaction report, the actions recommended, and the actions which were taken by command as a result of the quick reaction report.

4. Letter Report. This report (see enclosure 4 for format) is used when an audit is curtailed because of lack of sufficient adverse conditions and should not be used when significant conditions and related recommendations are presented.

5. Memorandum of Minor Findings. This letter type report (see enclosure 5 for format) will be released concurrently with the formal report. It should be used to report deficiencies excluded from the formal report because these deficiencies are considered to be of minor significance.

SUGGESTED FORMAT FOR STANDARD AUDIT REPORT

Cover

Cover Sheet

Audit report number
Date of issue
Name of audit
Location of audit

Letter of Transmittal

Objectives and scope
Multilocation relationships
Auditors' conclusion on each objective
Brief ly summarized recommendations
Indication of position of each level of management to which
recommendations are directed
Reference to contents of report

Table of Contents

Identification of each part of the report
Identification of each finding by alphabetical or numerical designation
and title
Identification of each appendix to the report

Part I - Summary

Subject of audit
Audit objectives and scope
Stateinent of auditing standards followed
Period during which audit was performed
Period covered by the audit
Audit location/multilocation relationships
Summary evaluation
Conclusion on each stated objective
Other observations and conclusions, including management accomplishments
Evaluation of internal controls and results thereof
Evaluation of management's internal control review program for area
under audit
Constraints placed on program accomplishment
Other relevant matters such as statement whether any pertinent
information was omitted f ran report
Statement of mission and resources
Identification of repeat findings

Part II - Findings, Recommendations, Command Comments and Auditors Remarks

Finding
Finding paragraph
Criteria
Condition

Enclosure 1

- Condition
- Cause
- Effects
- Discussion
- Potential benefits achievable (e.g., monetary savings, funds put to better use, etc.) , if applicable
- Recommendations
- Management comments
- Auditor's remarks

Part III - Auditor's opinion and financial statements*

- Auditor's opinion statement
- Financial statements
 - Balance sheet
 - Income statement
- Notes to financial statements

Appendices

- Followup on prior findings
- Other appendices
- Major contributors to the audit report

*Applies only to financial. audits.

SUGGESTED FORMAT FOR ADVISORY REPORT

Cover

Cover Sheet

Audit report number
Date of issue
Name of audit
Location of audit

Letter of transmittal

Purpose of the report
Observations and conclusions about the general problem areas
Identification of who should receive the report and what is expected of each addressee
Identification of who in the audit activity should be contacted for additional information

Table of Contents

Identification of each part of the report
Identification of each problem by alphabetical *or numerical* designation and title
Identification of each appendix to the report

Part I - Summary

Purpose and scope
Overall conclusions
Common problems

Part II - Problems and Suggested Actions

Problem
Summary of problem
Discussion of problem
Suggested actions

Appendices

Enclosure 2

SUGGESTED FORMAT FOR QUICK REACTION LETTER

Introduction

Statement of problem

Explanation of urgency of problem

Benefits possible from taking immediate action

Background*

Results of Audit

Problem

Details about problem**

Urgency

Magnitude

Recommendations***

Request for Management Comments

* Should be sufficient to permit reader to understand problem and its urgency.

** Should show cause and effects to the extent known.

*** Deals with actions to be taken immediately.

Enclosure 3

SUGGESTED FORMAT FOR LETTER REPORT

Introduction

- Objectives and scope
- Observations and conclusions
- Mission and resources

Results of Review

- Overall conclusion
- Conclusion on each survey or audit objective

Discussion of Results

- Reference to date of discussion
- Request for comments
- Reference to formal management reply process

Enclosure 4

SUGGESTED FORMAT FOR MEMORANDUM OF MINOR FINDINGS

Purpose of letter

Synopses of minor conditions found and suggestions to correct

Solicitation of any comments management wishes to make

Reference to formal management reply process

Enclosure 5